



MINUTES
Economic Development Authority
November 24, 2020

CALL TO ORDER

The Economic Development Authority meeting was called to order at 5:03 pm.

Due to the COVID-19 health pandemic, the Long Lake Economic Development Authority attended the meeting telephonically pursuant to Minn. Stat. 13D.021.

Present: Chair: Jahn Dyvik; Vice Chair: Lori Goodsell; Board: Tim Hultmann, Michelle Jerde, Tom Skjaret, Deirdre Kvale, and Charlie Miner

Staff Present: City Administrator/Executive Director: Scott Weske (in person); City Attorney: John Thames (telephonically)

Absent: None

PLEDGE OF ALLEGIANCE

APPROVE AGENDA

A motion was made by Miner, seconded by Goodsell, to approve the agenda as presented. Ayes: all by roll call.

CONSENT AGENDA

- A. Approve Minutes of October 20, 2020 Economic Development Authority Meeting

A motion was made by Hultmann, seconded by Miner, to approve the minutes of the October 20, 2020 EDA meeting. Ayes: all by roll call.

OPEN CORRESPONDENCE

None.

BUSINESS ITEMS

Discuss Next Steps for City-Owned Property at 1905 West Wayzata Boulevard

City Administrator/Executive Director Weske opened by indicating that staff would like to get an overall idea of what the EDA would like to see on the City owned property located at 1905 West Wayzata Boulevard. He reported that there has been some interest in the location and in addition to a discussion of use of the property, he noted that there still needs to be a price established for this parcel. He advised that currently there are two parties that have expressed interest with development concepts, but noted that neither party has completed the application for review form.

Chair Dyvik asked for a summary of what types of projects are interested.

Weske responded that one is a dentist office, and the second is a group from Minneapolis who would like to relocate their office and build a three-story office building with underground parking.

Chair Dyvik noted that the multi-story concept may have trouble going too far underground for parking due to the contamination at the site.

Weske commented that he believes they actually mean to have tuck under parking and not strictly underground parking.

Board member Miner asked if there had been any interested parties that have been scared off by the deed restrictions.

Weske responded that nothing has been communicated to him about the deed restrictions.

Board member Goodsell asked if there would be a possibility for mixed use at this location to be able to have something for public use, such as a coffee shop or ice cream shop located on the lowest level and then office space on top.

Weske replied that he believed the use would be allowed; however, the problem would be meeting parking requirements.

Board member Goodsell suggested contacting the funeral home to check on their future plans and noted that it would be nice to be able to develop the properties altogether.

Weske mentioned that his current recommendation would be to take some of the available TIF money and perhaps some of the money from the sale of the Virginia Avenue property to create a little greenspace at the site and some parking for the downtown area, and then see what happens in the future. He commented that the EDA may not want to develop this property right away. He displayed a hand-drawn rendering he had done to depict an example of a greenspace and parking area.

Board member Goodsell stated that she likes this idea and reiterated her suggestion to have a conversation with the funeral home to find out the owner's plans for when he retires.

Chair Dyvik noted that there is also an empty lot between this parcel and the funeral home too.

The EDA discussed having a conversation with the owner of the funeral home.

Board member Miner added that he does not feel the EDA needs to rush to develop this lot. He indicated that if the EDA decides to hold onto the parcel for a while, he would want to make sure that the dentist and other interested parties are advised of this and are not strung along.

Weske stated that he and City Clerk Moeller could reach out and have a conversation with the funeral home owner, but noted that the owner has been approached quite a few times over the last few years by potential developers and he has not been interested to date.

Board member Goodsell suggested that perhaps someone who has not already spoken with the funeral home contact him as that may provide a fresh perspective. She volunteered to speak with him.

The EDA discussed pricing for the lot and holding off on development of the property, and keeping it as greenspace or parking area until after the other new developments in the City are completed. They discussed the deed restrictions due to the soil conditions at the property, as well as getting price estimates for landscaping, paving and striping the parcel.

City Attorney Thames stated that the idea of a parking lot with some manicured greenspace is sound, and added that the City would need to hedge against making it or calling it a park because that is one of the deed restrictions.

Chair Dyvik asked if there may be a possibility to negotiate on the deed restrictions.

City Attorney Thames confirmed that negotiation would be a possibility.

The EDA discussed which deed restrictions expire and which ones are longer term. They directed staff to explore the costs to move forward with the hand drawn design presented by Executive Director Weske and to determine the costs that have already been put into this parcel.

Discuss and Consider Approval of Development Agreement for The Borough

City Attorney Thames gave a brief summary of the Development Agreement for The Borough redevelopment project and offered to address any questions the EDA may have. He noted that there are both open and closed items listed on the agenda and added that if there are negotiation points to be discussed, that discussion should happen during the closed session. He explained that there is one additional paragraph to the agreement that was sent out via e-mail earlier today. He reviewed the additional paragraph that discussed parking and also highlighted some of the points of the agreement.

Board member Kvale asked what would happen in terms of a bankruptcy or the ability of the City to access their line of credit in terms of a breach of contract.

City Attorney Thames responded that in the event of bankruptcy there will be right of re-entry triggered and there will also be a letter of credit posted on which the City could draw to complete any of the public improvements related to the project.

Board member Kvale questioned how the City could monitor this type of thing because there is no mechanism to find out until it is too late. She asked if there was a legal route for the City to access the line of credit.

City Attorney Thames explained the difference between line of credit and letter of credit.

Ben Landhauser, Lifestyle Communities, noted that this is reviewed annually by the banking institutions.

The EDA asked questions about insurance, right of re-entry, "claw-back" clause, elevation of the buildings, the new Virginia Avenue, and repaving the existing Virginia Avenue. They discussed the relationship between the entities of Lifestyle Communities, LLC and The Borough, LLC and confirmed that they have the same principals and officers.

A motion was made by Miner, seconded by Skjaret, to approve the Development Agreement with The Borough, LLC, and give authority to City Attorney Thames to make minor adjustments to the agreement as the need arises.

Board member Kvale stated that she feels uncomfortable approving a draft agreement.

City Attorney Thames explained that the EDA is approving the execution of the Development Agreement, as presented. He indicated that this agreement will still have to be ratified by the City Council in December, but that the EDA provides the preliminary approval.

Ayes by roll call: Miner, Hultmann, Goodsell, Jerde, Dyvik, and Skjaret. Nay by roll call: Kvale. Motion carried.

City Attorney Thames stated that this action removes the need for Items #8 and #9 on the agenda.

Discuss Terms of Sale of City-Owned Virginia Avenue Property to Lifestyle Communities, LLC

Chair Dyvik open the item for discussion or questions.

Board member Skjaret stated that he would like to know the terms of sale and what the TIF request is going to be.

Mr. Landhauser stated that the executed purchase agreement for the City's property was \$242,500.

Board member Skjaret questioned if the City came to an agreement on the sale price without knowing what the TIF request would be.

City Attorney Thames indicated that was correct and the TIF details will all be subject to Council approval.

Mr. Landhauser stated that the purchase price was actually \$250,000 and there is \$7,500 sitting in their escrow account.

Chair Dyvik asked if the funds from the sale could be used to offset the costs of paving the former BP property and putting in some greenspace.

Weske explained that this would be money that goes back into the EDA's account and could be used for site improvements for EDA properties.

Board member Hultmann asked for an update on the remaining properties.

Mr. Landhauser stated that six of the properties are under an assignment agreement to close on April 14, 2021. He stated that the seventh property has a closing date in May of 2021.

Chair Dyvik asked if there had been any change with the eighth and final remaining property.

Mr. Landhauser replied that they still intend to engage with that individual, but were told that the property owner is not interested in further discussion until the spring when they could look at the available housing stock.

Closed Session: Discuss Terms of Sale of City-Owned Virginia Avenue Property to Lifestyle Communities, LLC

Chair Dyvik stated that this agenda item was not needed based on earlier actions by the EDA.

Consider Scheduling Special EDA Meeting for December 29, 2020 for Action Items Related to The Borough

City Attorney Thames stated that this item is a bit out of order because the Council has not yet met to set a special meeting for that date, but the thought is that there will likely be a Council special meeting on December 29, 2020 and staff is asking to schedule an EDA meeting prior to that meeting.

Board member Skjaret asked when the new Council will take over and make decisions.

Board member Kvale expressed concern about scheduling a special meeting during the holiday week.

Chair Dyvik stated that he sees the logic of scheduling this during 2020 because this group has been with this project for a long time and getting it through final plat approval makes sense rather than asking the new Council to get up to speed and quickly make a decision.

Weske explained that the Council will meet on December 15, 2020, the Planning Commission will meet on December 16, 2020 and then there will be the final plat with Council and related items with the EDA on December 29, 2020, if special meetings are established. He observed that at that point the project approvals would be as complete as possible under the current Council, and the project would move into the TIF conversations with the new Council.

Board member Goodsell stated that she thinks it makes a lot of sense to complete the cycle with this group because they have been working on it for years and this just represents the final details.

Board member Skjaret disagreed and felt that since the new Council would be seated during the entire development, they should be involved in the final decision.

Board member Kvale agreed with Board member Skjaret and noted that it may appear as though the City is not giving the public a chance to give input or that the City is not following the process by putting in a special meeting right before New Years and before a new Council is sworn in.

Board member Goodsell disagreed with that assessment because there has been meeting after meeting and there have been no members of the public that have given input. She stated that she does not want to leave the residents hanging again and would like to allow their property sales to be closed in April as planned. She reiterated that this is simply the final details of something that the EDA has been working on for a very long time.

Mr. Landhauser indicated that he wanted it to be abundantly clear that they were not the one that requested a special meeting. He explained that after they submitted their application, some of the consulting staff requested additional time to review the plans. He stated that they had initially contemplated hitting regularly scheduled Planning Commission and Council meetings and did not believe that special meetings would be necessary. He emphasized that this is not intended to get around typical processes and procedures, and the meeting schedule changes were staff led, not developer led.

Chair Dyvik asked if the two EDA members that are not members of the City Council carry over or if there will be new appointments in 2021.

Weske stated that Board member Hultmann's position is up for reappointment.

The EDA discussed the pros and cons of holding a special meeting on December 29, 2020 with the existing EDA and Council versus waiting until the new Council takes over in January of 2021.

Board member Skjaret stated that he has other commitments and will not be in attendance at the Special Meeting, if it is scheduled.

A motion was made by Goodsell, seconded by Jerde, to schedule a special meeting on December 29, 2020 to discuss action items related to The Borough, LLC. Ayes by roll call: Goodsell, Jerde, Hultmann, Miner, Dyvik. Nays by roll call: Skjaret, Kvale. Motion carried.

OTHER BUSINESS

Board member Miner asked for an update on the Zvago project at the old Burger King site.

Mr. Landhauser informed the EDA that they are in the pre-sale process and noted that there are a few units already reserved. He mentioned that there is a large article/advertisement coming out in the Star Tribune on December 7, 2020 and the marketing team has already been working through social media. He stated that there are 85 people that are currently going through plans, so there has been high interest in the project.

ADJOURN

Hearing no objection, Chair Dyvik adjourned the meeting by general consent at 6:25 pm.

Respectfully submitted,
Scott Weske, Executive Director